Taking Action and the Expiration of Electric Generation Rate Caps

The 1997 Electricity Generation Choice and Competition Act allows residential customers to choose the company that supplies their electricity, also known as an electric generation suppliers (EGSs). Electric bills consist of transmission, distribution and generation charges. Distribution charges are regulated by the Public Utility Commission (PUC). Transmission charges are regulated by both the PUC and the Federal Energy Regulatory Commission. Generation charges, which are the majority of your bill, are based on the wholesale energy costs.

The PUC worked to mitigate the impact of any price increases, and consumers also can take action. Consumers may be able to secure supply rates below the prices offered by their utility. Just like you shop for other services, you can shop for generation supply, making a decision based on your own needs and preferences. You can shop based on price, environmental preferences or special services and deals. Consumers are encouraged to proactively engage competitive suppliers – whose prices are unregulated by the PUC – to obtain pricing information for the generation portion of their bill. Competitive offers may not be available in all areas.

How should I choose an electric generation supplier (EGS)?

The decision to use an EGS can be based on price, services, and incentives offered by the competitive supplier. Be sure to fully understand the terms of the agreement between you and the EGS, or even another third party, as well as the need for a state license to perform such services. Some companies have been formed to assist customers in electric generation purchasing. Some of these companies are simply consultants who obtain and review offers for customers. Others act as intermediaries and are involved in the receipt and payment of bills for their clients. The Commission urges customers to be very cautious when customers pay the electric distribution company (EDC) or EGS through the third party. In general, if the consultant provides the power, accepts payment or handles the billing function, they must be licensed by the PUC.

For more information including the "price to compare" and a list of licensed EGSs see the state Office of Consumer Advocate's (OCA) Electric Shopping Guide on its website at www.oca.state.pa.us. Additional information is available from the PUC. A list of licensed suppliers also is available at www.PAPowerSwitch.com

What is the "price to compare"?

The price to compare (PTC) is the price per kilowatt hour (kWh) your electric distribution company will charge. When asked, the EGS also will provide you with a PTC, allowing you to make an apples-to-apples comparison on price for the generation portion of your bill.

The PTC for your utility should be included on your electric bill. If you cannot find it, call your electric company. The Commission posts the PTC for both the utility and the EGS on their website at www.PAPowerSwitch.com.

Questions to Ask When Shopping for an Electric Generation Supplier

1. Is the supplier licensed by the PUC?
2. What are the length and other terms of the agreement?
3. What is the EDC's "price to compare" and how long is that price effective?
4. Will the price offered by the supplier remain the same throughout that time?
5. Is there a penalty for canceling an agreement before its term is up?
6. What steps must I take to switch suppliers?
7. Will I pay a fee or penalty to switch suppliers?
8. Are taxes included in the supplier's price for generation supply?
9. Do I need a special meter and is there an added charge for that meter?
10. Will I still get service from the supplier if I have an outstanding balance or bad payment history?
11. Does the supplier offer a budget-billing plan?
12. Will I receive one bill or two?

Your shopping worksheet

Using the chart below, you can determine if an EGS will offer a better price than your electric utility. Remember, this example only compares a portion of the bill. Your actual bill will include the cost of delivering your monthly service. Enter the suppliers' name on the top line to begin.

1. Enter your EDC's price to compare, which is given in cents per kWh.
2. Call EGSs to find out what price they are offering for their electric generation using the questions on the front page for guidance, or refer to the OCA pricing list. Write that price on Line 2.
3. For you to save, the EGS's price must be lower than your present provider's price to compare. Subtract the new supplier price from the present price to compare and write that number on Line 3.
4. Write the average number of kWh your household uses in a month on Line 4. This can be found on your current electric bill.
5. Multiply Line 3 by Line 4 and put that number on Line 5.
6. Divide the subtotal by 100 to calculate your savings per month in dollars and cents (Line 6).
7. Some EGSs charge a monthly fee in addition to the charge for generation. If the EGS charges a fee, write the amount on Line 7. Enter zero if there is no fee.
8. Subtract the monthly fee from your savings per month (Line 7 from Line 6) and enter this on line 8. This will show you what your "Final Monthly Savings" may be.

Shopping Worksheet

Remember this example only compares electric generation prices. Your actual bill will also include the cost of delivering your monthly electric service.

You may want to make photocopies of this page to reuse and compare multiple offers.

		Company 1	Company 2	Company 3
1	EDC Price to Compare	$_____	$_____	$_____
2	New Supplier Price	- $_____	- $_____	- $_____
3	Savings	$_____	$_____	$_____
4	Average kWh/ month	x _____	x _____	x _____
5	Subtotal	$_____	$_____	$_____
6	Cents/mo. ___ / 100	$_____	$_____	$_____
7	Monthly Fee?	$_____	$_____	$_____
8	Final Monthly Savings* (*Actual savings may vary)	$_____	$_____	$_____